

The Washington City Council met in a regular session on Monday, March 14, 2016 at 5:30pm in the City Council Chambers at the Municipal Building. Present were: Mac Hodges, Mayor; Virginia Finnerty, Mayor Pro tem; Doug Mercer, Councilmember; William Pitt, Councilmember; and Richard Brooks, Councilmember. Councilmember Larry Beeman was absent and excused. Also present: Bobby Roberson, City Manager; Cynthia S. Bennett, City Clerk and Franz Holscher, City Attorney.

Mayor Hodges called the meeting to order and Councilmember Pitt delivered the invocation.

MOMENT OF SILENCE IN MEMORY OF DR. CHARLES BOYETTE

APPROVAL OF MINUTES:

By motion of Councilmember Mercer, seconded by Councilmember Brooks, Council approved the minutes of February 22, 2016 as presented.

APPROVAL/AMENDMENTS TO AGENDA

By motion of Councilmember Mercer, seconded by Councilmember Brooks, Council approved the agenda as presented.

**PRESENTATION: DEPARTMENT OF LABOR – SHARP AWARD
KEVIN O’BARR, BUREAU CHIEF**



ELECTRIC DEPARTMENT

Mayor Hodges posed for a photo with Interim Electric Director, Jeff Clark; Department of Labor - Bureau Chief, Kevin O’Barr; retired Electric Director, Keith Hardt and the Washington Electric Utilities staff in receiving the SHARP award.



Mayor Hodges posed for a photo with Adam Waters, Water Resources Superintendent; Department of Labor - Bureau Chief, Kevin O’Barr and the Public Works - Water Resources Division in receiving the SHARP award.

CONSENT AGENDA:

By motion of Councilmember Pitt, seconded by Mayor Pro tem Finnerty, Council approved the consent agenda as presented.

A. Approve – Audit Contract for fiscal year 2015-2016

*Martin Starnes and Associates, CPA, PA located in Hickory, NC - \$34,000. This audit contract is for the first of three years of the agreement.

LGC-205 (Rev. 2016)
CONTRACT TO AUDIT ACCOUNTS
Of City of Washington, NC
Primary Governmental Unit
N/A
Discretely Presented Component Unit (DPCU) if applicable
On this 19th day of February, 2016
Auditor: Martin Starnes & Associates, CPAs, P.A., Auditor Mailing Address:
730 13th Avenue Drive SE, Hickory, NC 28602 Hereinafter referred to as The Auditor
and City Council (Governing Board(s)) of City of Washington, NC
(Primary Governmental Unit)
and N/A : hereinafter referred to as the Governmental Unit(s), agree as follows:
(Discretely Presented Component Unit)
1. The Auditor shall audit all statements and disclosures required by generally accepted accounting principles (GAAP) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit (s) for the period beginning July 1, 2015, and ending June 30, 2016. The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion will be rendered in relation to (as applicable) the governmental activities, the business-type activities, the aggregate DPCUs, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types).
2. At a minimum, the Auditor shall conduct his/her audit and render his/her report in accordance with generally accepted auditing standards. The Auditor shall perform the audit in accordance with *Government Auditing Standards* if required by the State Single Audit Implementation Act, as codified in G.S. 159-34. If required by OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act, the Auditor shall perform a Single Audit. This audit and all associated workpapers may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit and/or workpapers are found in this review to be substandard, the results of the review may be forwarded to the North Carolina State Board of CPA Examiners (NC CPA Board).
County and Multi-County Health Departments: The Office of State Auditor will designate certain programs that have eligibility requirements to be considered major programs in accordance with OMB Circular A-133 for the State of North Carolina. The LGC will notify the auditor and the County and Multi-Health Department of these programs. A County or a Multi-County Health Department may be selected to audit any of these programs as major.
3. If an entity is determined to be a component of another government as defined by the group audit standards - the entity's auditor will make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-6 §600.41 - §600.42.
4. This contract contemplates an unqualified opinion being rendered. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.
5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards*, 2011 revisions, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he has met the requirements for a peer review and continuing education as specified in *Government*

Contract to Audit Accounts (cont.) City of Washington, NC
Governmental Unit
N/A
Discretely Presented Component Units (DPCU) if applicable
Auditing Standards. The Auditor agrees to provide a copy of their most recent peer review report regardless of the date of the prior peer review report to the Governmental Unit and the Secretary of the LGC prior to the execution of the audit contract (See Item 22). If the audit firm received a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.
If the audit engagement is not subject to Government Accounting Standards or if financial statements are not prepared in accordance with GAAP and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment.
6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to the State and Local Government Finance Division (SLGFD) within four months of fiscal year end. Audit report is due on: October 31, 2015, if it becomes necessary to amend this due date or the audit fee, an amended contract along with a written explanation of the delay must be submitted to the secretary of the LGC for approval.
7. It is agreed that generally accepted auditing standards include a review of the Governmental Unit's systems of internal control and accounting as same relate to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor will make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his findings, together with his recommendations for improvement. That written report must include all matters dealt with as "significant deficiencies and material weaknesses" in AU-C 265 of the *ACPA Professional Standards (Clarified)*. The Auditor shall file a copy of that report with the Secretary of the LGC.
8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit until the invoice has been approved by the Secretary of the LGC. (This also includes any progress billings.) (G.S. 159-34 and 115C-447) All invoices for Audit work must be submitted by email in PDF format to the Secretary of the LGC for approval. The invoices must be sent via upload through the current portal address: <http://ncstreasury.slgfd.leaflet.net>. Subject line should read "Invoice - [Unit Name]". The PDF invoice marked "approved" with approval date will be returned by email to the Auditor to present to the Governmental Unit for payment. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.
9. In consideration of the satisfactory performance of the provisions of this contract, the Primary Governmental Unit shall pay to the Auditor, upon approval by the Secretary of the LGC, the fee, which includes any cost the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (Federal and State grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts. (Note: Fees listed on signature pages.)
10. If the Governmental Unit has outstanding revenue bonds, the Auditor shall include documentation either in the notes to the audited financial statements or as a separate report submitted to the SLGFD along with the audit report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor should be aware that any other bond compliance statements or additional reports required in the authorizing bond documents need to be submitted to the SLGFD simultaneously with the Governmental Unit's audited financial statements unless otherwise specified in the bond documents.
Page 2 of 8

Contract to Audit Accounts (cont.) City of Washington, NC
Governmental Unit
N/A
Discretely Presented Component Units (DPCU) if applicable
11. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include, but not be limited to, the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the client or required for full disclosure under the law, and (d) the Auditor's opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board as soon as practical after the close of the accounting period.
12. If the audit firm is required by the NC CPA Board or the Secretary of the LGC to have a pre-issuance review of their audit work, there must be a statement added to the engagement letter specifying the pre-issuance review including a statement that the Governmental Unit will not be billed for the pre-issuance review. The pre-issuance review must be performed prior to the completed audit being submitted to the LGC. The pre-issuance report must accompany the audit report upon submission to the LGC.
13. The Auditor shall electronically submit the report of audit to the LGC as a text-based PDF file when (or prior to) submitting the invoice for services rendered. The report of audit, as filed with the Secretary of the LGC, becomes a matter of public record for inspection, review and copy in the offices of the SLGFD by any interested parties. Any subsequent revisions to these reports must be sent to the Secretary of the LGC. These audited financial statements, excluding the Auditor's opinion, may be used in the preparation of official statements for debt offerings, by municipal bond rating services to fulfill secondary market disclosure requirements of the Securities and Exchange Commission and other lawful purposes of the Governmental Unit without subsequent consent of the Auditor. If it is determined by the LGC that corrections need to be made to the Governmental Unit's financial statements, they should be provided within three days of notification unless another time frame is agreed to by the LGC.
If the OSA designates certain programs to be audited as major programs, as discussed in item #2, agreed-upon procedures report, a turnaround document and a representation letter addressed to the OSA shall be submitted to the LGC.
The LGC's process for submitting contracts, audit reports and invoices is subject to change. Auditors should use the submission process in effect at the time of submission. The most current instructions will be found on our website: <https://www.ncstreasury.com/lig/Pages/Audit-Forms-and-Resources.aspx>
14. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the Secretary of the LGC, this contract may be varied or changed to include the increased time and/or compensation as may be agreed upon by the Governing Board and the Auditor.
15. If an approved contract needs to be varied or changed for any reason, the change must be made in writing, on the Amended LGC-205 contract form and pre-audited if the change includes a change in audit fee. This amended contract needs to be completed in full, including a written explanation of the change, signed and dated by all original parties to the contract, and then must be submitted through the audit contract portal to the Secretary of the LGC for approval. The portal address to upload your amended contract is <http://ncstreasury.slgfd.leaflet.net>. No change shall be effective unless approved by the Secretary of the LGC, the Governing Board, and the Auditor.
16. Whenever the Auditor uses an engagement letter with the Governmental Unit, Item #17 is to be completed by referencing the engagement letter and attaching a copy of the engagement letter to the contract to incorporate the engagement letter into the contract. In case of conflict between the terms of the engagement letter and the terms of

Contract to Audit Accounts (cont.) City of Washington, NC
Governmental Unit
N/A
Discretely Presented Component Units (DPCU) if applicable
this contract, the terms of this contract will control. Engagement letter terms are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item #22 of this contract. Engagement letters containing indemnification clauses will not be approved by the LGC.
17. Special provisions should be limited. Please list any special provisions in an attachment.
See attached engagement letter.
18. A separate contract should not be made for each division to be audited or report to be submitted. If a DPCU is subject to the audit requirements detailed in the Local Government Budget and Fiscal Control Act and a separate audit report is issued, a separate audit contract is required. If a separate report is not to be issued and the DPCU is included in the primary government audit, the DPCU must be named along with the parent government on this audit contract. Signatures from the DPCU Board chairman and finance officer also must be included on this contract.
19. The contract must be executed, pre-audited, physically signed by all parties including Governmental Unit and Auditor signatures and submitted in PDF format to the Secretary of the LGC. The current portal address to upload your contractual documents is <http://ncstreasury.slgfd.leaflet.net>. Electronic signatures are not accepted at this time. Included with this contract are instructions to submit contracts and invoices for approval as of October 2015. These instructions are subject to change. Please check the NC Treasurer's web site at www.ncstreasury.com for the most recent instructions.
20. The contract is not valid until it is approved by the LGC Secretary. The staff of the LGC shall notify the Governmental Unit and Auditor of contract approval by email. The audit should not be started before the contract is approved.
21. There are no other agreements between the parties hereto and no other agreements relative hereto that shall be enforceable unless entered into in accordance with the procedure set out herein and approved by the Secretary of the LGC.
22. E-Verify. Auditor shall comply with the requirements of NCGS Chapter 64 Article 2. Further, if Auditor utilizes any subcontractor(s), Auditor shall require such subcontractor(s) to comply with the requirements of NCGS Chapter 64, Article 2.
23. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted: (See Item 16 for clarification).

SIGNATURE PAGES FOLLOW

Contract to Audit Accounts (cont.) City of Washington, NC
 Governmental Unit N/A
 Discretely Presented Component Units (DPCU) if applicable
 City of Washington, NC - FEES
 Year-end bookkeeping assistance - [For audits subject to Government Auditing Standards, this is limited to bookkeeping services permitted by revised Independence Standards]
 Audit \$28,700
 Preparation of the annual financial statements \$5,300
 Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) the Auditor may submit invoices for approval for services rendered, not to exceed 75% of the total of the stated fees above. If the current contracted fee is not fixed in total, invoices for services rendered may be approved for up to 75% of the prior year audit fee.
 The 75% cap for interim invoice approval for this audit contract is \$ 25,500
 ** NA if there is to be no interim billing
 City of Washington, NC
 PRE-AUDIT CERTIFICATE: Required by G.S. 159-28 (a)
 This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act. Additionally, the following date is the date this audit contract was approved by the governing body.
 Audit Firm Signatures:
 Martin Starnes & Associates, CPAs, P.A.
 Name of Audit Firm
 By Amber Y. McWhinnis, Senior Audit Manager
 Authorized Audit Firm representative name: Type or print
 Signature of authorized audit firm representative
 Date February 19, 2016
 Email Address of Audit Firm smcwhinnis@martinstarnes.com
 Governmental Unit Signatures:
 City of Washington, NC
 Name of Primary Government
 By Mac Hodges, Mayor
 Mayor / Chairperson Type or print name and title
 Signature of Mayor / Chairperson of governing board
 Date March 14, 2016
 By N/A
 Chair of Audit Committee - Type or print name
 Signature of Audit Committee Chairperson
 Date N/A
 ** If Governmental Unit has no audit committee, mark this section "N/A"
 Primary Government Finance Officer Signature
 Date 3/14/16
 (Pre-audit Certificate must be dated)
 mrauschenbach@washingtonnc.gov
 Email Address of Finance Officer
 Date Primary Government Governing Body Approved Audit Contract - G.S. 159-34(a)
 MARCH 14, 2016

Contract to Audit Accounts (cont.) City of Washington, NC
 Governmental Unit N/A
 Discretely Presented Component Units (DPCU) if applicable
 ** This page to only be completed by Discretely Presented Component Units **
 N/A FEES
 Year-end bookkeeping assistance - [For audits subject to Government Auditing Standards, this is limited to bookkeeping services permitted by revised Independence Standards]
 Audit N/A
 Preparation of the annual financial statements N/A
 Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) the Auditor may submit invoices for approval for services rendered, not to exceed 75% of the total of the stated fees above. If the current contracted fee is not fixed in total, invoices for services rendered may be approved for up to 75% of the prior year audit fee.
 The 75% cap for interim invoice approval for this audit contract is \$ N/A
 ** NA if there is to be no interim billing
 N/A
 PRE-AUDIT CERTIFICATE: Required by G.S. 159-28 (a)
 This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act. Additionally, the following date is the date this audit contract was approved by the governing body.
 DPCU Governmental Unit Signatures:
 Name of Discretely Presented Component Unit
 N/A
 DPCU Board Chairperson: Type or print name and title
 N/A
 Signature of Chairperson of DPCU governing board
 Date N/A
 DPCU Finance Officer: Type or print name
 N/A
 DPCU Finance Officer Signature
 Date N/A
 (Pre-audit Certificate must be dated)
 N/A
 Email Address of Finance Officer
 Date DPCU Governing Body Approved Audit Contract - G.S. 159-34(a)
 N/A

Contract to Audit Accounts (cont.) City of Washington, NC
 Governmental Unit N/A
 Discretely Presented Component Units (DPCU) if applicable
 Steps to Completing the Audit Contract
 1. Complete the Header Information - NEW: If a DPCU is subject to the audit requirements as detailed in the Local Government Budget and Fiscal Control Act and a separate audit report is issued, a separate audit contract is required. If a separate report is not issued for the DPCU and is to be included in the Primary Government's audit, the DPCU must be named with the parent government on this Audit contract. The Board chairman of the DPCU also must sign the Audit contract.
 2. Item No. 1 - Complete the period covered by the audit
 3. Item No. 6 - Fill in the audit due date. For Governmental Unit (s), the contract due date can be no later than 4 months after the end of the fiscal year, even though amended contracts may not be required until a later date.
 4. Item No. 8 - If the process for invoice approval instructions changed, the Auditor should make sure he and his administrative staff are familiar with the current process. Instructions for each process can be found at the following link: <https://www.nctreasurer.com/Slg/Pages/Audit-Forms-and-Resources.aspx>
 5. Item No. 9 - NEW: Please note that the fee section has been moved to the signature pages, Pages 5 & 6.
 6. Item No. 16 - If there is a reference to an engagement letter or other document (ex: Addendum), has the engagement letter or other document been acknowledged by the Governmental Unit and attached to the contract submitted to the SLGFD?
 a. Do the terms and fees specified in the engagement letter agree with the Audit contract? "In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract will control."
 b. Does the engagement letter contain an indemnification clause? The audit contract will not be approved if there is an indemnification clause - refer to LGC Memo # 986.
 7. Complete the fee section for BOTH the Primary Government and the DPCU (if applicable) on the signature pages, please note:
 • The cap on interim payments is 75% of the current audit fee for services rendered if the contracted fee amount is a fixed amount. If any part of the fee is variable, interim payments are limited to 75% of the prior year's total audit fee. If the contract fee is partially variable, we will compare the authorized interim payment on the contract to 75% of last year's actual approved total audit fee amount according to our records. There is a report of audit fees paid by each governmental unit on our web site: <https://www.nctreasurer.com/Slg/Pages/Non-Audit-Services-and-Audit-Fee.aspx> - Auditors and Audit Fees. Please call or email Steven Holmberg of our office at 919-807-2394 steven.holmberg@ncstreasurer.com if you have any questions about the fees on this list.
 • For variable fees for services, are the hourly rates or other rates clearly stated in detail? If issued separately in an addendum, has the separate page been acknowledged in writing by the Governmental Unit?

Contract to Audit Accounts (cont.) City of Washington, NC
 Governmental Unit N/A
 Discretely Presented Component Units (DPCU) if applicable
 • For fees for services that are a combination of fixed and variable fees, are the services to be provided for the fixed portion of the fee clearly stated? Are the hourly rates or other rates clearly stated for the variable portion of the fee? (Note: See previous bullet point regarding variable fees.)
 • If there is to be no interim billing, please indicate N/A instead of leaving the line blank.
 8. Signature Area - There are now 2 Signature Pages: one for the Primary Government and one for the DPCU. Send the page(s) that are applicable to your Unit of Government. Make sure all signatures have been obtained, and properly dated. The contract must be approved by Governing Boards pursuant to G.S. 159-34(a). NEW - If this contract includes auditing a DPCU that is a Public Authority under the Local Government Budget and Fiscal Control Act it must be named in this Audit contract and the Board chairperson of the DPCU must also sign the Audit contract in the area indicated. If the DPCU has a separate Audit, a separate Audit contract is required for the DPCU.
 9. Please place the date the Unit's Governing Board and the DPCU's governing Board (if applicable) approved the audit contract in the space provided.
 a. Please make sure that you provide email addresses for the audit firm and finance officer as these will be used to communicate official approval of the contract.
 b. Has the pre-audit certificate for the Primary Government (and the DPCU if applicable) been signed and dated by the appropriate party?
 c. Has the name and title of the Mayor or Chairperson of the Unit's Governing Board and the DPCU's Chairperson (if applicable) been typed or printed on the contract and has his/its signed in the correct area directly under the Auditor's signature?
 10. If the Auditor is performing an audit under the yellow book or single audit rules, has year-end bookkeeping assistance been limited to those areas permitted under the revised GAO Independence Standards? Although not required, we encourage Governmental Units and Auditors to disclose the nature of these services in the contract or an engagement letter. Fees for these services should be shown in the space indicated on the applicable signature page(s) of the contract.
 11. Has the most recently issued peer review report for the audit firm been included with the contract? This is required if the audit firm has received a new peer review report that has not yet been forwarded to us. The audit firm is only required to send the most current Peer Review report to us once - not multiple times.
 12. After all the signatures have been obtained and the contract is complete, please convert the contract and all other supporting documentation to be submitted for approval into a PDF file. Peer Review Reports should be submitted in a separate PDF file. These documents should be submitted using the most current submission process which can be obtained at the NC Treasurer's web site - <https://www.ncstreasurer.com/Slg/Pages/Audit-Forms-and-Resources.aspx>.
 13. NEW: If an audit is unable to be completed by the due date, an Amended Contract should be completed and signed by the unit and auditor, using the new "Amended LGC-205" form (Rev. 2015). The written explanation for the delay is now included on the contract itself to complete, and must be signed by the original parties to the contract.

B. Declare Surplus/Authorize - Electronic Auction of Vehicles through GovDeals

Vehicle #	Make/Model	Department	Serial #	Odometer Reading
510	1999 Ford Ranger	Cemetery	IFTYR10V3XUA98289	77,167
455	2001 Chev. Dump Truck	Public Works	IGBJ6H1C01J509290	75,733

C. Authorize - Recreation Director to apply for Public Beach & Coastal Waterfront Access Funds 2016-2017 Grant - Havens Gardens Fishing Pier

*The Recreation Advisory Committee chose to pursue funding for the Havens Gardens Pier during their 2-8-16 meeting. The new pier would include cut outs for handicap accessible fishing and would match the marine slats of the Municipal Pier. The pier is in the CIP, however, that price doesn't reflect handicap accessible fishing cut outs.

D. Approve - Purchase Order >\$20,000

*Duke's Root Control Inc., for sewer I&I work - \$21,202.67

COMMENTS FROM THE PUBLIC: NONE

PUBLIC HEARING 6:00PM- ZONING: NONE

PUBLIC HEARING 6:00PM - OTHER: NONE

SCHEDULED PUBLIC APPEARANCES:

MICKEY COCHRAN – REQUEST FOR NO PARKING – SOUTHSIDE OF E. 10TH STREET BETWEEN NICHOLSON & TELFAIR

Mickey Cochran, who lives on East 10th Street asked Council to prohibit parking on the Southside of East 10th Street between Nicholson & Telfair to possibly McNair Street. Mr. Cochran explained that his neighbor is operating a business in a residential district and has left several abandoned cars in their backyard. He stated that his neighbor is purposely parking vehicles in front of his house which prohibits parking for Mr. Cochran’s visitors. He is asking the City to protect his property rights. “My family has resided at this address for 69 years and has never seen anything like this happen. For the last eight years, I had the misfortune of living beside a junkyard, used-car lot and a rundown house that was abandoned for three-plus years,” Mr. Cochran said. He thanked Clarence Gray and John Rodman for their efforts in trying to remedy this issue.

Mr. Cochran said vehicles parked on the street by the neighbor hindered the city’s street sweeper from cleaning the street and his ability to place yard waste on the street so it could be picked up and hauled away.

The City Manager said he wants to meet with East 10th Street residents to discuss the issues presented by Mr. Cochran as well as any related issues they might have. In regard to the alleged business operating in the residential area, Mr. Roberson noted that, “We do have that specific property under surveillance. We will take necessary actions to bring the property into compliance”. A recommendation will be presented to the council in April.

CORRESPONDENCE AND SPECIAL REPORTS:

MEMO – BUDGET TRANSFER – GENERAL FUND – (no comments)

The Budget Officer transferred \$50,000 of funds between the Finance and Miscellaneous departments of the General Fund appropriations budget to establish a Capital Project Fund for the finance and utility billing software project.

NCGS 159-15 states that this shall be reported to the Council at its next regular meeting and be entered into the minutes.

<i>From:</i>	<i>10-00-4130-7400</i>	<i>Capital Outlay</i>	<i>\$50,000</i>
<i>To:</i>	<i>10-00-4400-6200</i>	<i>Tranf. To CPF</i>	<i>\$50,000</i>

MEMO – MUNICIPAL PIER AND “CRAB PARK” FEES

Background: During the February 15, 2016 Recreation Advisory Committee Meeting, staff proposed fees for the Municipal Pier and “Crab Park.” The fees are consistent with other facility fees already established through the Outdoor Special Events Policy. The Recreation Advisory Committee unanimously voted to recommend the proposed fees to City Council. The fees are listed below.

	<i><u>Municipal Pier -Proposed Fee Structure</u></i>					
<i><u>Resident</u></i>	<i><u>4 Hrs</u></i>	<i><u>Day</u></i>	<i><u>Non-Resident</u></i>	<i><u>4 Hrs</u></i>	<i><u>Day</u></i>	
<i>Shelter</i>	<i>\$80</i>	<i>\$120</i>	<i>Shelter</i>	<i>\$160</i>	<i>\$240</i>	
<i>Electric</i>	<i>\$25</i>	<i>\$25</i>		<i>\$25</i>	<i>\$25</i>	

Event Deposit Fee Schedule already in place per Special Events Policy

Suggestions for Guidelines

- No Boats*
- No Fishing*
- Sign- No feeding animals*
- “gate” for entrance for reserved events*
- 100 Maximum people on pier*
- Must leave Isle on pier walkway*
- Same guidelines for decorating as Festival Park Shelters*
- Same guidelines for use of park (grassy) already in place*

“Crab Park” - Proposed Fee Structure

<u>Resident</u>	<u>4 Hrs</u>	<u>Day</u>	<u>Non-Resident</u>	<u>4 Hrs</u>	<u>Day</u>
Park	\$50	\$75	Park	\$100	\$150
Electric	\$25	\$25		\$25	\$25

Event Deposit Fee Schedule already in place per Special Events Policy

Suggestions for Guidelines

- No Open flames
- No Cooking
- No Driving on Grass
- Tents are required to be “sand bagged” in this area

Kristi Roberson, Parks and Recreation Director explained that the “crab park” is an informal name given to the area where several of the decorative crabs from around the City have been placed (near the former Dock Attendants Office). Her office has had inquiries regarding renting this location.

DISCUSSION - GRANT UPDATES

Grant Executive Summary
as of 2/15/2016

Fund	Grant Description	Dates			Financials				Deliverable			Notes	
		Award	Expiration	Completion	Revenue		Expense		Metric	Total	Achieved		Bal.
					Budget	Actual	Budget	Actual					
51	Trillium Health Play Together	09/18/15	06/30/16		284,156	3,600	284,156	-				Playground equipment on order	
52	Downtown Development				85,500	33,000	85,500	42,876				No more work planned	
54	Hotel Project NAF, Rural EIP	08/20/15	08/20/17		206,400	111,400	206,400	128	Jobs/Investment	20	0	20	Engineer selected, developer contribution paid
55	toX Impressions NC One Grant	09/30/13	09/30/16		300,000	-	300,000	-	Jobs/Investment	160	0	160	Jobs created but not since award date
59	toX Building Reuse	12/18/14	12/18/16		512,500	4,000	512,500	2,500	Jobs/Investment	50	39	11	1 year construction extension requested, job creation in progress.
61	Pedestrian Plan Grant	05/20/13	09/30/13	12/31/14	10,000	10,000	10,000	-					Priority list and plan to be presented to RAC in April, Council in May
66	Airport Terminal Grant	04/04/13	07/01/15	03/31/15	1,254,488	1,255,675	1,254,488	1,225,610					Final expenditure being disbursed
67	Payade Grant Program	07/01/15	06/30/16	06/30/16	26,000	20,010	26,000	5,660					Two pending, 3 reimbursed (2 from prior year)
69	Way Finding			04/01/15	150,000	150,623	150,000	20,913					Phase 1 signage contract on hold
71	Airport Lighting Rehab				460,121	274,941	460,121	433,088					Construction complete
72	Municipal Plan Access Grant	07/01/14	11/30/15		135,000	15,000	135,000	135,000					Construction complete, reimbursement request submitted.
74	Sewer I&I rehab/CWSRF	06/03/15			2,000,000	-	2,000,000	98,519					Preliminary engineering underway, Phase 1 complete
76	EDA Water Projects	09/11/13	03/11/17	02/28/17	1,428,262	1,057,084	1,428,262	1,021,056					Expected completion April 1st
77	EDA Sewer Grants	09/11/13	03/11/17	02/28/17	1,423,894	1,208,477	1,423,894	1,099,235					Expected completion April 1st
	CDBG Keyville Rd.	2005	6/4/2013	06/30/16	320,000	320,000	320,000	320,000					Lot 2 LMI qualifies, closing conducted 9/10/15

Applications/Awards

	Pre-App	Selected	Final App	Grant	Match	Total	
Recreation Trails Program	7/14/15			19,500	6,500	26,000	Partnered with Sound Rivers
FEWA- Radice	1/12/16			52,381	2,619	55,000	
NC GCC- Communication System	1/12/16			25,000	0	25,000	Police internal communication system

Councilmember Pitt inquired about the status of the Keys Landing project. Mr. Roberson explained the project is due and payable July 1st. Mr. Rauschenbach reviewed the history of the grant noting that if the 2nd home for this year qualifies (LMI) then we won't have to make any additional payments. The grantee will owe the city money at the end of the grant (July 2016). The City Attorney sent a pre-notice letter in December 2015 to Rev. Moore.

Mayor Pro tem Finnerty inquired if the Wayfinding project was on hold? Mr. Roberson explained that we are working on the process to go out for bids on the signage. We will have a purchase order prior to July 1, 2016. Councilmember Mercer stated he is opposed to the sequence for the placement of the signs – the signs should be placed outside of the City first, in order to get people off of the highway and into town. Mr. Roberson noted that a committee worked on the signage priorities and locations for over a period of 9 months. Councilmember Mercer reiterated that the signs should be installed outside the city first in order to get people off the bypass and into the Central Business District.

DISCUSSION - PROJECT UPDATES

Capital Project Status FY 2015/2016

2/18/2016

Fund/Department	Account	Description	Budget \$	Spent	Open PO	Balance	Status	Notes
General Fund:								
Finance	10-00-4130-7400	Financial Software	50,000	0	0	50,000	Project on hold, set up capital project fund	
Purchasing	10-00-4131-7400	Parking lot 1/3	30,084	0	30,084	0	Construction complete, punch list	
		Lighting	32,530	19,987	1,412	11,131	In progress	
IT	10-00-4132-7400	Network switches	12,306	11,833	113	360	In progress	
Police	86-60-4930-4310	Vehicles #136,142,160,&164	142,000	32,079	100,859	9,062	two received, balance on order	
Fire	10-10-4341-7400	Defibrillator	30,000	28,304	0	1,696	Complete	
	86-60-4930-4340	Fire Engine 1	450,000	450,842	0	(842)	Complete	
	86-60-4930-4341	EMS truck 1	150,000	153,491	0	(3,491)	Complete- sales tax	
Code Enforcement	86-60-4930-4350	Vehicle #121	20,000	23,189		(3,189)	Complete, budget transfer to repl. fund	
Powell Bill	10-20-4511-4500	Street Paving	61,639	5,211	2,467	53,961		
Street Maintenance	86-60-4930-4510	Dump truck #455	75,000	65,752	795	8,453	Complete	
Rec. Administration	10-40-6121-7400	Bobby Andrews Roof	64,465	64,464	0	1	Complete	
Senior Center	10-40-6123-7400	HVAC	5,900	5,894	0	6	Complete	
Rec. Maintenance	10-40-6130-7400	Grasshopper mower	11,000	11,000	0	0	Complete	
		Ballfield rake	13,000	12,983	0	17	Complete	
Total General Fund			1,147,924	885,029	135,730	127,165		
Water:								
Miscellaneous	30-90-6610-7400	Network switches	12,306	11,683	113	510	In progress	
		GIS 1/2	12,100	1,250	10,850	0	In progress	
Treatment	30-90-6610-7400	Utility billing software	18,182	0	0	18,182	Project on hold, set up capital project fund	
	30-90-8100-7400	Vehicle #550	28,000	28,848	0	(848)	Complete	
	30-90-8140-7400	Vehicle #416	24,000	0	23,614	386	Received	
Total Water Fund			94,588	41,781	34,577	18,230		
Sewer:								
Miscellaneous	32-90-6610-7400	Network switches	12,306	11,683	113	510	In progress	
		GIS 1/2	12,100	1,250	10,850	0	In progress	
		Utility billing software	18,182	0	0	18,182	Project on hold, set up capital project fund	
Treatment	32-90-8220-7400	Vehicle #551	27,000	26,249	0	751	Complete	
	32-90-8220-7400	Video surveillance system	25,000	11,599	1,650	11,751	Complete mid March	
Lift Stations	32-90-8230-7400	Springs Rd panel A & B	40,000	0	39,986	14	On order, in place March 2016	
				0	0	0		
Total Sewer Fund			134,588	50,781	52,599	31,208		

Capital Project Status FY 2015/2016

2/18/2016

Fund/Department	Account	Description	Budget \$	Spent	Open PO	Balance	Status	Notes
Storm Water:								
34-90-5710-7400	58-90-5710-4500	Drainage improvements	150,000	17,002	36,358	96,640	Design phase complete	
		RZEDB-drainage improvemen	148,185	0	0	148,185		
Total Storm Water Fund			298,185	17,002	36,358	244,825		
Electric:								
Electric Director	35-90-6610-7400	Network switches	12,306	11,683	113	510	In progress	
		Utility billing software	63,636	0	0	63,636	Project on hold, set up capital project fund	
Electric Meter Service	35-90-7250-1500	Parking lot 1/3	30,084		30,083	1	Construction complete, punch list	
		Meters	50,000				On order	
		2015 PO's	19,855				Complete	
		Vehicle #655	25,000				Complete	
		Total Electric Meter Svc.	124,939	42,391	76,492	6,056		
Substation Maint.	35-90-8370-7400	Distribution reclosers	20,000				Complete, awaiting delivery	
		Capacitors	8,000				Complete	
		Slatstone subst./recloser	20,000				On order, delivery expected 03/2016	
		Forest Hills substation	42,760				Complete	
		Main sub circuit exits	262,456				Contract executed	
		Main sub B3 breaker	50,000				Expected completion 3/22/16	
Total Substation	403,216	99,945	290,629	12,642				
Power Line Maintenance	35-90-8380-1500	Parking lot 1/3	30,083	0	30,083	0	Construction complete, punch list	
Power Line Construction	35-90-8390-7400	Vehicle UTV	15,000				Complete	
		2015 PO's	260,045				Complete	
		NC 32 Reconductoring	330,000				Material ordered, in progress	
		Grimesland Rd. Feeder	310,000				Engineering complete	
		Vehicle #614	35,000				Complete	
		Excavator #610	60,000				Complete	
		2nd/5th St. circuit rebuild	322,788				Contract executed, start March 1	
		Vehicle #608	72,500				On order	
		Total Power Line Construct	1,405,333	372,127	497,471	535,735		
Total Electric Fund			2,039,513	526,146	894,788	618,579		
Cemetery Fund	39-90-4740-7400	Vehicle #510	20,000	18,762	0	1,238	Complete	
		Zero turn mower	6,800	6,500	0	300	Complete	
		Total Cemetery	26,800	25,262	0	1,538		
Grand Total			3,741,598	1,546,001	1,154,052	1,041,545		

Councilmember Mercer commended staff noting that nearly every project is underway and/or completed. Discussion was held regarding the Electric Department projects and open purchase orders. Mr. Roberson noted that purchase orders should be completed by the end of May. Employee evaluations due in June will be due now in May in order to alleviate budget issues.

REPORTS FROM BOARDS, COMMISSIONS AND COMMITTEES:
HUMAN RELATIONS COUNCIL – (accepted as presented)

*Human Relations Council (HRC) report for the month of February
Monday, March 14, 2016 City Council Meeting*

MISSION STATEMENT

- *To promote social and economic equality in the community, working with Local Government and other resources*
- *To appreciate the cultural and ethnic diversity of the citizens of Washington and Beaufort County*
- *To encourage citizens to live and work together in harmony and mutual respect*

SCHEDULED PUBLIC APPEARANCES: *None*

OLD BUSINESS:

Discussion – Ed Peed Commemoration: Chair St. Clair reviewed the program and menu regarding the Ed Peed event. Board members were in agreement with both the program and menu.

Vice-chair Wright addressed length of time allotted for the speaker. It was suggested to keep the time frame limited to 15 minutes due to all planned activities. Cash donated to this event amounted to \$275 with Zaxby's donating numerous food items, and Acre Station donated five (5) lbs. of chicken salad.

NEW BUSINESS: *None*

OTHER BUSINESS:

FYI – All FYI items and reminders were discussed inclusive of the January 12, 2016 report submitted to City Council and financial report.

OPEN DISCUSSION:

Councilman Pitt encouraged Board members to seek other activities to be presented during the course of the year and cited examples.

Fair Housing will be discussed during the March 8, 2016 meeting plans are to host this event for April.

APPOINTMENTS:

APPOINTMENT – WASHINGTON HOUSING AUTHORITY

Mayor Hodges appointed Rudolph (Rudy) Burns to the Washington Housing Authority to fill the un-expired term of Wanda Harvey, term to expire June 30, 2017.

OLD BUSINESS:

ADOPT – FINANCIAL & UTILITY BILLING SOFTWARE CAPITAL PROJECT ORDINANCE

Background and Findings: \$150,000 is budgeted in the current fiscal year to replace the City's financial and utility billing software systems. The project is funded by the General, Water, Sewer, and Electric Funds. Transitions in personnel, available resources, and other priorities necessitate the deferral of this project to a future year. Budgeted funds for the project will be transferred to the Capital Project Fund.

By motion of Councilmember Mercer, seconded by Mayor Pro tem Finnerty, Council adopted a Capital Project Ordinance for the financial and utility billing software replacement project.

**A CAPITAL PROJECT ORDINANCE FOR
FINANCIAL & UTILITY BILLING SOFTWARE
CITY OF WASHINGTON, N.C.
FOR FISCAL YEAR 2015-2016**

BE IT ORDAINED, by the City Council of the City of Washington, North Carolina, that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following capital project is hereby established:

Section 1. The project authorized is for the purchase, conversion, and implementation of financial and utility billing software to replace existing platforms.

Section 2. The officers of this unit are hereby directed to proceed with the project.

Section 3. The following amounts are appropriated for the project:

65-60-4130-7400	Software	\$150,000
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Section 4. The following revenue is anticipated to be available to complete this project:

65-60-3980-1000	Transfer from General Fund	\$50,000
65-60-3980-3000	Transfer from Water Fund	18,182
65-60-3980-3200	Transfer from Sewer Fund	18,182
65-60-3980-3500	Transfer from Electric Fund	<u>63,636</u>
	Total	\$150,000

Section 5. The Finance Director is hereby directed to maintain within the Capital Project Fund sufficient specific detailed accounting records to satisfy the requirements of the developer agreements.

Section 6. Funds may be advanced by the General Fund for the purpose of making payments as due.

Section 7. The Finance Director is directed to report, on a monthly basis, on the financial status of each project element in Section 3 and on the total capital project revenues received or claimed.

Section 8. The Budget Officer is directed to include a detail analysis of past and future costs and revenues on this capital project in every budget submission made to the City Council.

Section 9. Copies of this capital project ordinance shall be furnished to the City Clerk, and to the Budget Officer, and to the Finance Director for direction in carrying out this project.

Section 10. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

Section 11. This ordinance shall become effective upon its adoption.

This the 14th day of March, 2016.

ATTEST:

s/Cynthia S. Bennett
City Clerk

s/Jay MacDonald Hodges
Mayor

APPROVE – REQUEST FROM BEAUFORT COUNTY COMMUNITY COLLEGE FOR WATERLINE EXTENSION

Barbara Tansey, President of Beaufort County Community College explained that BCCC built a burn house in December 2015 and they are requesting that a waterline be extended approximately 635 feet to supply water to the training facility. The new center includes a burn room, confined space and rappelling station, which imitate experiences of real fires. When this facility is fully set up, BCCC can provide training that other areas cannot do.

Ms. Tansey said the new facility, the only one of its kind in northeastern North Carolina, would provide training for city firefighters, more so than firefighters from other areas throughout Beaufort County. She reminded the Council that city firefighter, police and other emergency-related personnel do not pay tuition for job-related training they receive at BCCC.

Ms. Tansey said they cannot use state money for this project. They are also out of county money and BCCC has no funds to pay for extending the water line.

City Manager, Bobby Roberson said he would not bring the Council any related budget ordinance until we have a firm number about the construction of the line (if Council chooses to fund). The city wants the project (extension of waterline – 635 feet) to be designed and put out for bids.

By motion of Mayor Pro tem Finnerty, seconded by Councilmember Pitt, Council voted to approve one half of the amount for the waterline extension for Beaufort County Community College provided the Beaufort County Commissioners fund the other half of the expenditure.

NEW BUSINESS: NONE

ANY OTHER ITEMS FROM CITY MANAGER:

DISCUSSION – LOCAL REGIONAL PLANNING ORGANIZATION PRIORITIES

John Rodman, Director of Community and Cultural Services, reviewed the proposed list of transportation priorities with the Mayor and Council. That list includes the following proposed projects: building a U.S. Highway 264 bypass around Washington, improving Carolina Avenue (U.S. Highway 17 business), improving 15th Street from Carolina Avenue to Brown Street, improvements to Fifth Street and John Small Avenue and improving Highland Drive to Slatestone Road and continuing on Slatestone Road to Washington High School. Mr. Rodman said the City has been supporting those proposed projects for several years as the listed priorities are from 2014.

Mayor Hodges asked about the status of the 15th Street project, which has been modified several times in recent years. Mr. Rodman said that project is included in the state's TIP and scheduled for construction in 2019.

Councilmember Mercer said it is his understanding that if the city does not include airport projects on its list of transportation needs those projects will not be including in the TIP and funded. He also said he thought a sewer-line project at the airport and construction of a maintenance facility at the airport had been included on the city's list. If those projects are not on this list, they won't get considered at all.

Mr. Rodman agreed that we certainly need to get those priorities on the list. Not only are we looking at motorized transportation needs, we're also trying to address pedestrian needs, such as sidewalks, walking trails, bike trails can also be addressed in that transportation plan. Mr. Rodman said he would make sure the airport projects are added to the list being submitted for inclusion in the state's TIP.

ANY OTHER BUSINESS FROM THE MAYOR OR OTHER MEMBERS OF COUNCIL:

DISCUSSION – MAYOR PRO TEM FINNERTY - RETREAT

Mayor Pro tem Finnerty requested that Council hold a retreat before they do any work on the budget. She has polled members of Council and determined that Saturday, April 9th is a good day. Councilmember Mercer noted that if we hold the retreat on a Saturday, we will have to bring staff people in and pay them overtime or comp time. Mr. Roberson noted that Lee Padrick (Division of Community Assistance) will furnish information for a retreat facilitator as Mr. Padrick has a conflict on April 9th. Councilmember Mercer expressed Pat Capehart Brown has facilitated at least three retreats for the Mid-East Commission and she may be available as well.

CONNECT NC BOND

Councilmember Pitt discussed the Connect NC Bond and the benefits that Beaufort County Community College and Goose Creek State Park could receive if this bond passes.

CLOSED SESSION: UNDER NCGS § 143-318.11(A)(3) ATTORNEY/CLIENT PRIVILEGE; (A)(1) DISCLOSURE OF CONFIDENTIAL INFORMATION; 159B-38 CONFIDENTIALITY OF CONTRACT DISCUSSIONS; 143-318.10(E) PUBLIC RECORDS ACT

By motion of Councilmember Pitt, seconded by Councilmember Brooks, Council entered into closed session under NCGS § 143-318.11(A)(3) Attorney/Client Privilege; (A)(1) Disclosure of Confidential Information; 159B-38 Confidentiality of Contract Discussions; 143-318.10(E) Public Records Act at 6:12pm.

By motion of Mayor Pro tem Finnerty, seconded by Councilmember Brooks, Council agreed to come out of closed session at 8:25pm.

By motion of Councilmember Brooks, seconded by Mayor Pro tem Finnerty, the City of Washington declines further exploration of entering an operational agreement with ElectriCities. Councilmember Mercer opposed. Motion carried.

ADJOURN

By motion of Councilmember Pitt, seconded by Councilmember Brooks, Council adjourned the meeting at 8:30pm until March 28, 2016 at 5:30pm in the Council Chambers.

Cynthia S. Bennett, MMC
City Clerk